Approved for Release: 2019/04/02 C02733148

TOP SECRET

i de la companya de	10 October 1951	
	Copy No. 47	3.5(c)
CIDDENT NOEL LOENCE DI	II I DOWN	

## CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO.	and the same of
NO CHANGE IN CLASS.	
CLASS, CHANGED TO: TS S NEXT REVIEW DATE:	003
DATE HR 70-2	3.5(c)

3.5(c)

Office of Current Intelligence

# CENTRAL INTELLIGENCE AGENCY

3.5(c)



Approved for Release: 2019/04/02 C02733148

# SUMMARY

## FAR EAST

- 1. Comment on murder of British High Commissioner in Malaya (page 3).
- 2. Portugal acts to limit flow of military goods to China (page 3).

## NEAR EAST

3. Iranian Prime Minister desires to avoid Security Council consideration of oil dispute (page 4).

## EASTERN EUROPE

4. Yugoslavia attempts to circumscribe size and authority of US military aid staff (page 5).

## WESTERN EUROPE

5. French popular support of European Defense Forces confused by East German "unity" proposals (page 6).

\* \* \* \*

3.5(c)

- 2 -



#### FAR EAST

	TAN EAST	
1.	Comment on murder of British High Commissioner in Malaya:	
<i>A</i>	The US Consul General in Singapore concludes that the murder of High Commissioner Gurney on 6 October will probably convince the notoriously noncommittal Chinese populatio of Malaya that cooperation with the British is a dangerous policy.	n
	The US representative also transmits the unofficial views of the office of the Commissioner General for Southeast Asia that the incident will arouse the British Government to a greater awareness of the serious Malayan situation, be a strong boost to bandit morale, increase dissatisfaction with security operatio and possibly call for substitution of stiffer measures.	ns,
		3.3(h)(2)
2.	Portugal acts to limit flow of military goods to China:	3.3(h)(2)
		3.3(h)(2)
	Meanwhile, the head of Macao's Economic Services, P. J. Lobo, reportedly refused to announce the embargo.	

Services, P. J. Lobo, reportedly refused to announce the embargo. He maintained that export trade with China could continue, inasmuch as no export licenses are required in Macao.

- 3 -



Comment: Lobo, reputedly political boss of the colony with a sizable financial interest in Macao's smuggling activities, has opposed any attempt to regulate the China trade.

Although Portugal has not recognized the Peiping Government, it is anxious not to antagonize the Chinese Communist regime, because of possible loss of the colony. While in general agreement with the need for an embargo, the Lisbon government has hitherto maintained that Macao, which depends on Communist China for much of its food and even its water, is an exceptional case.

## NEAR EAST

3.	3. Iranian Prime Minister desires to avoid Security Council consideration		
	of oil dispute:	3.3(h)(2)	
	Prime Minister Mossadeq printer British-Iranian oil dispunsed in an interview with Assistant	te by prior urity Council I this sentiment at Secretary of	
	State McGnee and US United Nations delegates, and added strong statement which he must make in the Security Cou	d that the incil would	

preclude successful negotiations. Therefore he suggested a delay of

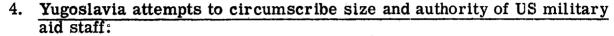
six days during which an agreement could be sought.

Comment: There is no reason to assume that Mossadeq is willing to negotiate on terms more favorable to the British than those previously offered. Resumption of negotiations, however, might avoid the dilemma of an Iranian refusal to comply with a UN recommendation. The USSR would similarly not be given the opportunity of posing in the UN as the champion of Iran.

1



#### EASTERN EUROPE



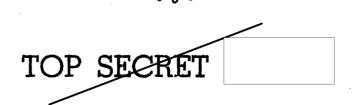
3.3(h)(2)

The Yugoslav Government has requested amendment of the US-Yugoslav bilateral military aid agreement to specify that the US military advisory group operate as

part of the office of the Military Attache, and not directly under the control of the US Ambassador. It also insists that the US military staff total not more than 15 or 16, and that US observation of the use of arms supplied by the US be confined to Yugoslav proving grounds.

Comment: Although the draft of the bilateral military aid agreement was handed to the Yugoslav Government on 5 September, Yugoslav efforts to circumscribe the size and authority of the US military group have delayed its signature. The Yugoslav Government has resisted a US compromise plan that the US military supervisory group initially total 30 persons operating as part of the US Embassy and responsible to the Ambassador.

Yugoslav military officials have also attempted to limit the supervisory powers of the group. The Yugoslav attitude can probably be explained in part as an attempt to avoid a repetition of its experience with the Soviet military mission prior to the Cominform break; it also reflects the regime's deep-rooted suspicions of the West.



# WESTERN EUROPE

5. French popular support of European Defense Forces confused by East German "unity" proposals:

The US Embassy in Paris reports that the East German "unity" proposals have confused the current of French opinion favorable to the European Defense Forces it. The virtual absence of non-Communist

3.3(h)(2)

plan, but have not reversed it. The virtual absence of non-Communist opposition to any German military contribution whatever is considered by the Embassy as "perhaps the most outstanding feature of public opinion development."

3.3(h)(2)

Should the USSR demonstrate, however, that it is prepared to make real concessions in its campaign for German 'unity,' French public opinion 'would be very profoundly affected.'

warned that the East German "unity" campaign might lead France to reconsider its German policy. It is unlikely, therefore, that the defense plan will be abandoned by the French Government under any foreseeable international circumstances, inasmuch as this plan is an essential phase of the integration of Europe. The French are increasingly inclined to view such integration as essential.

TOP SECRET